

Message Text

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PAGE 01 BUCAR 02900 01 OF 02 031153Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 /104 W
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R 030859Z MAY 78
FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 9305
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUDAPEST
USMISSION GENEVA
AMEMBASSY MOSCOW
AMCONSUL MUNICH
USMISSION USNATO
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

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E.O. 11652: N/A
TAGS: ECON,ELAB, RO
SUBJ: ECONOMIC ASPECTS OF APRIL 25 POLEXCO MEETING
REF: BUCHAREST 2830

1. SUMMARY. MEETING OF THE POLITICAL EXECUTIVE COMMITTEE (POLEXCO) OF ROMANIAN COMMUNIST PARTY WAS HELD APRIL 25. DURING SESSION, PROPOSALS CONCERNING ORGANIZATION OF SECTOR FOR SERVICE AND SUPPLY OF SPARE PARTS FOR CAPITAL EQUIPMENT WERE ADOPTED ALONG WITH SUGGESTIONS FOR REGULATION AND MANAGEMENT OF MATERIAL STOCKS REQUIRED FOR PROVISIONING OF NATIONAL ECONOMY. THIS CONCERN FOR SERVICE AND SUPPLY IS KEEPING IN LINE WITH GOR'S INCREASING
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PAGE 02 BUCAR 02900 01 OF 02 031153Z

ATTENTION TO IMPROVING ECONOMIC EFFICIENCY AND COULD ALSO REPRESENT ATTEMPT BY NEWLY APPOINTED MINISTER RESPONSIBLE FOR THIS AREA, ION PATAN, TO ENHANCE HIS POSITION AND BRING EXPERTISE AND EXPERIENCE FROM FOREIGN TRADE SECTOR TO BEAR ON PROBLEMS ASSOCIATED WITH SERVICE/SUPPLY SECTOR.

2. OTHER DECISIONS TAKEN WERE TO INITIATE EDUCATIONAL

CAMPAIGN FOR WORK SAFETY AND TO IMPROVE ENFORCEMENT OF LAW PROHIBITING ILLEGAL EARNINGS, I.E., EARNINGS OBTAINED OUTSIDE NORMAL WORK CHANNELS. LATTER SEEMS TO BE ATTEMPT TO CURB FLOURISHING "SHADOW ECONOMY." END SUMMARY.

3. ACCORDING TO APRIL 26 SCINTEIA REPORT, POLEXCO MEETING WAS HELD IN BUCHAREST UNDER CHAIRMANSHIP OF PRESIDENT CEAUSESCU ON APRIL 25. FOLLOWING TOPICS WERE DISCUSSED AND DECISIONS TAKEN:

A. REPAIR AND MAINTENANCE OF CAPITAL EQUIPMENT - IN RECOGNITION OF GROWING DEGREE OF MECHANIZATION AND LEVEL OF SOPHISTICATION OF MACHINERY IN ECONOMIC LIFE, DECISION TAKEN TO EXPAND CURRENT CAPACITY FOR REPAIR. IN TERMS OF ORGANIZATION, RESPONSIBILITY FOR SERVICING WILL FALL ON SPECIAL CENTERS FOR REPAIRS, MINISTRY OF

MACHINE BUILDING AND/OR ENTERPRISE PRODUCING ORIGINAL EQUIPMENT, WHERE APPROPRIATE. IT WAS ALSO DECIDED THAT IN FUTURE, SERVICE CAPACITY AND PRODUCTION OF SPARE PARTS WILL BE INCLUDED IN ANNUAL PLANS OF APPROPRIATE ENTERPRISES AND ORGANIZATIONS.

B. MATERIAL STOCKS - REPORT RELATED TO REGULATION AND MANAGEMENT OF MATERIAL STOCKS NEEDED TO FUEL THE NATIONAL ECONOMY WAS DISCUSSED AND APPROVED (NO DETAILS PROVIDED).

C. WORK SAFETY - IT WAS NOTED THAT ALTHOUGH NUMBER LIMITED OFFICIAL USE

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PAGE 03 BUCAR 02900 01 OF 02 031153Z

OF INDUSTRIAL ACCIDENTS IN 1977 WAS 5.7 PERCENT LESS THAN NUMBER REPORTED FOR 1976, THIS FIGURE WAS STILL EXCESSIVE. ALL ECONOMIC MINISTRIES, MINISTRY OF LABOR AND CENTRAL COUNCIL OF GENERAL UNION OF TRADE UNIONS WERE CALLED UPON TO TAKE MORE ACTIVE ROLE IN IMPROVING CONDITIONS FOR LABOR SAFETY AND ACCIDENT PREVENTION. INSTRUCTION CAMPAIGN AIMED AT PREVENTION WILL BE MOUNTED IN ENTERPRISES, ALL SCHOOLS AND UNIVERSITIES.

D. ILLEGAL EARNINGS - POLEXCO DISCUSSED REPORT THAT LAW CONCERNED WITH ILLEGAL EARNINGS (LAW NUMBER 18, ORIGINALLY PASSED IN 1968 AND MOST RECENTLY REVISED JULY 27, 1973) WAS NOT BEING STRINGENTLY ENFORCED. DECISION WAS TAKEN TO STRENGTHEN PROVISIONS OF CURRENT LAW AND CENTRAL COMMISSION WITH SUBORDINATE BODIES AT JUDET LEVEL WAS SET UP TO OVERSEE ENFORCEMENT.

4. COMMENT. ON WHOLE, POLEXCO DECISIONS NOT STARTLING, BUT AT LEAST TWO OF THEM BEAR FURTHER ANALYSIS. CONCERN FOR SERVICE AND SPARE PARTS PROVISIONING SHOWS FOCUS AT VERY HIGH LEVEL ON CAUSE OF CHRONIC INEFFICIENCIES IN GOR ECONOMY WHICH ARE PROBABLY COMPOUNDING RATHER THAN

IMPROVING. FURTHER, FACT THAT DISCUSSION DEALING WITH
DOMAIN OF NEWLY APPOINTED MINISTER OF TECHNICAL-
MATERIAL SUPPLY AND CONTROL OF MANAGEMENT OF FIXED
ASSETS, ION PATAN, TOOK PLACE THIS LEVEL COULD INDICATE
ATTEMPT BY PATAN TO STRENGTHEN HIS ROLE AND EVEN
POSSIBLY BUTTRESS HIS POSITION BY PLACING MINISTRY OF
MACHINE BUILDING OR SPECIFIC ENTERPRISES IN DIRECT LINE
OF FIRE IN TERMS OF RESPONSIBILITY FOR REPAIR AND
SUPPLY BOTTLENECKS IN CERTAIN SPECIFIC AREAS. PATAN,
PREVIOUSLY MINISTER OF FOREIGN TRADE, BRINGS CONSIDERABLE
EXPERTISE AND EXPERIENCE IN ECONOMIC MANAGEMENT TO HIS
NEW POSITION AND IS CLEARLY IN EXCELLENT POSITION TO
IDENTIFY PROBLEM AREAS AND WORK TOWARD THEIR SOLUTION.
ONE OF PROBLEMS HE BECAME FAMILIAR WITH IN HIS PREVIOUS
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PAGE 04 BUCAR 02900 01 OF 02 031153Z

CAPACITY WAS DIFFICULTY OF CONTINUING REPEAT EXPORT
SALES OF MACHINERY WHEN SPARE PARTS FOR ORIGINAL EQUIPMENT
SALES WERE NOT AVAILABLE AS WAS CASE WITH SALES OF ARO
FOUR-WHEEL DRIVE VEHICLES TO MIDDLE EAST AND SYRIA IN
PARTICULAR. IN TERMS OF IMPORTS, GOR ECONOMY HAS RUN
INTO TROUBLE WHEN EXPENSIVE, SOPHISTICATED MACHINERY
EXPERIENCES EXCESSIVE DOWN-TIME DUE TO LACK OF PROPER
MAINTENANCE AND REPAIR.

5. ATTENTION GIVEN TO ILLEGAL EARNINGS POINTS TO
SHARP CRACKDOWN ON APPARENTLY FLOURISHING "SHADOW

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PAGE 01 BUCAR 02900 02 OF 02 031309Z
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R 030859Z MAY 78
FM AMEMBASSY BUCHAREST
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INFO AMEMBASSY BELGRADE

AMEMBUYSY BERLIN
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LIMITED OFFICIAL USE SECTION 2 OF 2 BUCHAREST 2900

ECONOMY." THESE EARNINGS INCLUDE ALL FORMS OF BLACK
MARKETING, SELLING OF SERVICES OUTSIDE NORMAL WORK
CHANNELS WITHOUT APPROVAL SUCH AS COULD BE DONE BY
TAILORS OR CARPENTERS, AND ACCEPTING OF BRIBES OR
"BAKSHISH" (TIPS) BY DOCTORS OR PUBLIC OFFICIALS WITH
IMPLIED PROMISE TO PROVIDE "BETTER SERVICE." END COMMENT.
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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